

Portfolio: Strategic Leadership

BUDGETARY CONTROL REPORT 2008/2009

**CAPITAL PROGRAMME EXPENDITURE AND FINANCING POSITION TO
31st DECEMBER 2008 AND PROBABLE OUTTURN 2008/09**

1.0 SUMMARY

- 1.1 The 2008/09 capital programme was agreed by Cabinet at its meeting of the 19th June, 2008. The programme is based around the key projects outlined previously in the Council's Medium Term Financial Plan and Transitional Plan. New investment for projects was set at £19.5m with additional commitments brought forward from previous years' programmes of £6.8m giving a total programme for 2008/09 of £26.3m.
- 1.2 The last progress report, to 30th November 2008, was reported to Cabinet on 18th December 2008 and was undertaken after the 30th September 2008 report had identified a potential shortfall of resources to fund the agreed programme. The review to November concluded that the programme was largely on track to meet expectations and objectives, within the resources available for financing.
- 1.3 This report provides an update of the 2008/09 Capital Programme, showing:
 - the actual position as at 31st December 2008
 - committed expenditure
 - probable outturn spend as at 31st March 2009
 - commitments carried forward into 2009/10
 - estimated budget savings and pressures
- 1.4 It also summarises the available capital resources for financing the programme and, based on the estimated outturn, sets out the proposed financing of the programme in 2008/09.

2.0 RECOMMENDATIONS

2.1 It is recommended that Cabinet notes:

- the updated nine month spend position to 31st December 2008,
- the amendments to the Capital Programme,
- the probable outturn position and
- the commitments carried forward into 2009/10.

3.0 CAPITAL SPEND AND RESOURCES MONITORING 2008/09

Revised Capital Programme Budget

3.1 Since the report to 30th November additional commitments have been identified which are funded from external sources. This means that the revised gross budget has increased by £117,000 from £26,422,000 to £26,539,000 as detailed below:

Table 1: Approved Programme 2008/2009

Portfolio / Capital Programme	Approved Net Budget (inc c/fwd) £'000	Budget Revisions £'000	Revised Gross Budget £'000
Strategic Leadership:			
- ICT	497	-	497
- Green Lane/Asset Management	54	-	54
- Chilton Depot	19	-	19
Healthy Borough:			
- Community Health	380	-	380
- Leisure and Culture	2,691	-	2,691
Prosperous Borough:			
- Social Regeneration	665	72	737
- Learning & Employment	180	-	180
- Major Regeneration	5,812	45	5,857
Attractive Borough:			
- Environment	10	-	10
- Planning & Development	82	-	82
Strong Communities:			
- Housing (HRA)	8,193	-	8,193
- Housing (General Fund)	7,430	-	7,430
- Safer Communities	149	-	149
Contingency	260	-	260
Total	26,422	117	26,539

Review of 2008/09 Capital Programme

3.5 This section of the report summarises the results of the exercise that has been undertaken to identify spend committed for 2008/9, forecast a realistic outturn position, identify spend that is committed for 2009/10 and identify budget savings. The findings are summarised in Table 2 and are followed by comments on the working groups :

Table 2: Actual spend to December 2008

Portfolio / Capital Programme	Revised Gross Budget	Actual Gross Spend	Contractually Committed	Actual + Contractually Committed	Projected Outturn	Projected Spend C/Fwd to 2009/10	Budget Pressure/ (Savings)
	A	B	C	D(=B+C)	E	F	G(=E+F-A)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Strategic Leadership:							
- ICT	497	338	77	415	497	-	-
- Asset Man	54	21	-	21	21	-	(33)
-Chilton Depot	19	25	-	25	31	-	12
Healthy Borough:							
-Community Health	380	76	304	380	70	310	-
-Leisure and Culture	2,691	577	321	898	991	842	(858)
Prosperous Borough:							
-Social Regeneration	737	370	326	696	991	81	335
- Learning & Employment	180	49	35	84	84	25	(71)
-Major Regeneration	5,857	1,031	28	1,059	4,596	1,577	315
Attractive Borough:							
-Environment	10	7	6	13	13	-	3
-Planning & Development	82	59	-	59	67	15	-
Strong Communities:							
-Housing (HRA)	8,193	4,254	3,919	8,173	8,193	-	-
-Housing (General Fund)	7,430	4,276	237	4,513	5,121	2,309	-
-Safer Communities	149	165	-	165	195	-	46
Contingency	260	-	-	-	260	-	-
Total	26,539	11,248	5,253	16,501	21,130	5,159	(250)

3.3 Healthy Borough

The Community Health rephased spend of £310,000 relates to the PCP development which is not due to start on site until 13th April 2009.

Of the Leisure and Culture spend carried forward of £842,000, some £450,000 relates to the Arts Centre development, where the start date has been delayed while contractual details are agreed and work will now commence in March rather than January. The balance of the carry forward mainly relates to the Spennymoor Leisure Centre Roof Repairs (£283,000), the Dean Bank playscheme (£70,000), that is subject to parish consultation, the Locomotion Running Lines scheme (£30,000), where detailed planning considerations apply, and a £9,000 retention for the Newton Aycliffe Leisure Centre Sycamore Suite.

3.4 Prosperous Borough

Of the carry forward spend of £81,000 for Social Regeneration some £33,000 relates to Arts Projects and £48,000 to the project to demolish and rebuild a shop in the High Street, West Cornforth using LABGI funds. It is not expected that issues surrounding the property ownership will be resolved until 2009/10.

The carry forward spend of £25,000 for Learning and Employment relates to the Green Lane Industrial Estate Masterplan project. It is proposed to delay improvement works until the uncertainty concerning the development of the Black and Decker Site is resolved and this is not expected to happen in 2008/09.

The Major Regeneration programme includes the LIP and NEP initiatives, which comprise several projects. It is not anticipated that all projects will be implemented in 2008/09 and rephased spend of £1,433,000 (LIP) and £144,000 (NEP) is expected in 2009/10 – a total of £1,577,000.

3.5 Attractive Borough

The Cornforth Conservation Area scheme is a programme spanning several years and it is anticipated that £15,000 will be carried forward into 2009/10.

3.6 Strong Communities

The carried forward spend has increased by £100,000, to £2,309,000 as it is anticipated that these monies will be required to enable the property acquisitions in the Masterplan areas to be completed in 2009/10.

Revised Capital Programme and Actual Spend to 31st December 2008

3.7 A gross total of **£11.248** million has been spent in the first nine months to 31st December 2008 against the capital programme budget of **£26.539** million and this represents 42% of the total budget. In addition some **£5.253** million of spend is committed, giving a total of **£16.501** million of actual and committed spend, or some 62% of the total budget.

Due to the nature of capital projects it is difficult to predict exactly when financial payments will be made, unlike revenue budgets which can be profiled accurately. Some capital projects have significant lead-in times, major programmes of works may require a dedicated staffing resource and in other cases there may be a need to secure funding approval from other agencies before expenditure is incurred. All of these issues can lead to delays in capital projects. However an assessment of expected spending has been made and it is anticipated that at outturn some **£21.130** million will have been spent.

It is anticipated that some **£5.159** million will need to be carried forward into 2009/10 to enable the agreed capital programme to be completed. Therefore the total revised estimated costs of the programme are **£26.289** million, compared to the budget of **£26.539** million, giving a saving of **£0.250** million.

The capital position will be closely monitored through to the end of the financial year to ensure that the capital programme is delivered as planned.

Capital Resources

- 3.8 Based on current projections the total level of capital resources likely to be available to finance this year's Capital Programme is summarised in the table below. Capital resources are split between those brought forward from 2007/08 and those expected to be received in 2008/09:

Table 3: Capital Resources Available for 2008/09

Available Capital Resource	Brought Forward Resources £'000	Received/ Anticipated In Year £'000	Total Anticipated Resources £'000
Capital Receipts:			
- Housing Right To Buys	896	290	1,186
- Housing Land Sales	-	30	30
- General Fund Receipts	761	3,600	4,361
- MRI – see para 3.10 below	9,320	-	9,320
Total Capital Receipts	10,977	3,920	14,897
Capital Grants	237	270	507
Government Support	-	7,654	7,654
Capital Contributions	31	107	138
Earmarked Reserves	405	1,700	2,105
LEGI	-	500	500
LABGI	-	467	467
Section 106 monies	-	45	45
Total Available Resources	11,650	14,663	26,313

- 3.9 The amount of MRI shown above includes a sum of £5m which was used to over-finance the 2007/08 Capital Programme. This was a technical accounting adjustment in order to reduce the Councils minimum revenue provision in that year.

- 3.10 There was originally a sum of £214,000 available to fund Section 106 schemes. Some £45,000 has been earmarked to support specific schemes leaving a balance of £168,000 that is not yet used.

Financing the Capital Programme

- 3.11 It can be seen from the above Table that against the projected capital programme costs of **£26.289** million, including carry forwards, there are anticipated resources of **£26.313** million, leaving surplus resources of **£24,000**. The previous report detailed a potential resource surplus of **£112,000**. The reduction arises primarily as receipts from generated from Right to Buy sales are less than previously estimated, with very few progressing to completion in recent months.
- 3.12 It should be noted that most of the above resources have actually been realised, which means that the funding to support the capital programme is mainly secure.
- 3.13 Assuming the revised spending targets are achieved, there will be unused capital resources to carry forward into 2009/10.

3.14 Summary

The programme for 2008/09 was designed to meet the Council's key objectives as set out in the Medium Term Financial and Transitional Plans. However, there was recognition that it represented an ambitious target in the Council's final year. This report suggests that it is largely on track to meet expectations and objectives and by the end of the financial year around 88% is expected to be spent or committed.

This still represents a challenging target given the spend position at the end of December was only 42% and, therefore, efforts need to be focussed on delivering the forecasts contained in this document and to further review areas where budget has been allocated but not forecast, at this stage , to be committed.

4.0 CORPORATE POLICY CONSIDERATIONS

- 4.1 This report does not contain proposals that would require any changes to the Council's agreed policy framework and corporate objectives.

5.0 RESOURCE IMPLICATIONS

- 5.1 There are no further resource implications arising from this report.

6.0 CONSULTATIONS

- 6.1 Comprehensive consultation has previously been held during the construction of the 2008/09 Budget Framework. This report does not contain any proposals or recommendations requiring further consultation.

7.0 OTHER MATERIAL CONSIDERATIONS

7.1 *Links to Corporate Objectives/Values*

The Council's Corporate Objectives and Values have guided the preparation of the 2008/09 Budget Framework throughout. Resource availability has been fully re-assessed and directed to assist in achieving the Council's key priorities as set out in the Corporate Plan.

7.2 *Risk Management*

The major risks of the overall capital programme can be identified and mitigated within the process of effective budgetary monitoring and control.

The efficient delivery of the capital programme can be facilitated by the reporting of financial issues and progress reports which can identify overspends or delays within a project.

The council pursues value for money through quarterly financial/progress reports and these can highlight delays which may result in less effective purchasing in the last quarter of the financial year.

7.3 *Health and Safety*

No additional implications have been identified.

7.4 *Equality and Diversity*

No material considerations have been identified.

7.5 *Legal and Constitutional*

The Budget Framework has been prepared in accordance with the Council's Constitution and full account has been taken of new statutory requirements. No other legal or constitutional implications have been identified.

8.0 OVERVIEW AND SCRUTINY IMPLICATIONS

8.1.1 Consultation and engagement with Overview and Scrutiny Committees has previously been held in development and review of the 2008/09 Budget Framework.

Contact Officer: Stephen Barber (Interim Accountant)
Telephone No.: 01388-816166 ext. 4421
E-Mail Address: asmith@sedgefield.gov.uk

Ward(s): Not Ward Specific

Background Papers:

1. Report to Council 29th February 2008 – Budget Framework 2008/2009.
2. Report to Cabinet 19th June 2008 – Capital Programme 2008/09
3. Report to Cabinet 3rd July 2008 – 2007/08 Capital Final Outturn Position as at 31st March 2008
4. Report to Cabinet 23rd October 2008 – Local Improvement Programme
5. Report to Cabinet 20th November – Capital Programme Expenditure and Financing Position to 30th September 2008
6. Report to Cabinet 18th December – Updated Capital Programme Expenditure and Financing Position to 30th November 2008

EXAMINATION BY STATUTORY OFFICERS

	YES	NOT APPLICABLE
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>